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FISCAL IMPACT STATEMENT

LS 6422

BILL NUMBER: HB 1037

NOTE PREPARED: Dec 9, 2010

BILL AMENDED:

SUBJECT: Adoption Subsidies for Children in Foster Care.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires payment by the Department of Child Services (DCS) of the costs of certain health-related adoption subsidies for a child in foster care. It also makes a determination by DCS, with respect to subsidies, subject to administrative review.

Effective Date: July 1, 2011.

Explanation of State Expenditures: This bill does not apply to children determined to have special needs at the time the adoption petition is filed. The bill would require DCS to pay a subsidy for medical, surgical, hospital, and related expenses for an adoptive child due to a physical, mental, emotional, or medical condition of which evidence appears after the child is adopted. The subsidy is required to be paid if the condition or the cause of the condition existed before the petition for adoption was filed as determined by the treating physician; and payment from insurance, Medicaid, or public assistance is not otherwise available to the adoptive parents. DCS may make additional payments for medical or psychological care or treatment of a child if such a condition existed, or the condition is causally related to specific conditions that existed or events that occurred before the filing of the adoption petition. Payments are subject to a determination by DCS that sufficient funds are available in the adoption assistance account to provide the additional assistance.

These provisions may impact the level of funds available for special needs adoption subsidies, which may be prioritized by DCS based on the level of funding available. The bill will increase DCS expenditures to the extent that the need for a medical assistance subsidy is not documented at the time an adoption petition is filed. The bill would apply to physical, mental, or emotional conditions that may present at any time after the adoption petition has been filed and is not subject to a determination by DCS that funds are available.

The number of children with conditions presenting that would be eligible for the subsidy is indeterminable.

Background on Federal and State Financing for Medical Subsidies:

State: The Indiana Adoption Subsidy Program (IASP) subsidy is currently available for a child who is not eligible for federal Title IV-E benefits but is considered to have special needs due to the presence of a medical condition, or a physical, mental, or emotional handicap prior to the time of adoption. Under the IASP, the state provides the eligible child with Medicaid services to cover the costs of the medical care for the child at the Medicaid federal/state financial participation rate. This state program is required by the federal Adoption and Safe Families Act of 1997 that mandates states to provide health insurance to adoptive children with special needs for whom there is an adoption assistance agreement between the state and the adoptive parent(s) and whom the state determines could not be placed for adoption without medical assistance based on these special needs.

Federal: The federal Title IV-E Adoption Assistance Program (AAP) in Indiana provides Medicaid services as well as an adoption subsidy for children with special needs to cover payments for related medical expenses. Funds for this program are provided at the Medicaid federal/state financial participation rate. The AAP is an entitlement program for eligible children and is based on the condition and eligibility of the child's parents at the time of the child's removal from the home. Once the DFC determines a child is eligible for IV-E, no redetermination is necessary. Not all children in foster care qualify for AAP. Currently, AAP is granted to children until the age of 21 if the DCS determines it is in the child's best interest due to a preexisting condition.

Medicaid and Title IV-E are jointly funded by the state and federal governments. The state share of program expenditures is approximately 34%. Medicaid medical services and IV-E subsidies are matched by the federal match rate (FMAP) in Indiana at approximately 66%.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid and Title-IV-E programs.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DCS; Office of Medicaid Policy and Planning, FSSA.

Local Agencies Affected:

Information Sources: DCS.

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